

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 352 - SB 529**

February 11, 2009

**SUMMARY OF BILL:** Authorizes, under certain circumstances, a retired member of the Tennessee Consolidated Retirement System (TCRS) to return to service with any local government employer while continuing to receive his or her retirement allowance.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$10,047,100/Annual Amortized Cost**

**Increase Federal/Other Expenditures - \$1,637,200/Annual Amortized Cost**

**Increase Local Expenditures –**

**Exceeds \$3,423,600/Annual Amortized Cost\***

**Exceeds \$5,000,000/Permissive**

**Assumptions:**


- According to the TCRS, the actuary provided information in 2005 concerning the savings to the retirement system that could be attained by removing return to work exceptions.
- The estimated annual savings of \$4.7 million allowed the TCRS contribution rate to be reduced by .23 percent in FY06.
- The same .23 percent is applied to teacher-covered payroll.
- Estimated FY10 state employee-covered payroll of \$2,847,340,000.
- Estimated teacher covered payroll of \$3,721,301,000.
- Annual amortized cost of \$15,107,900 ( $\$6,568,641,000 \times 0.23$  percent = \$15,107,900).
- Increases lump sum pension liability by approximately \$154,000,000.

- Funding ratio for state employee cost is 75 percent state, 25 percent federal.
- Funding ratio for teacher cost between state and local is 60 percent state and 40 percent local education agencies.
- Annual cost to local governments estimated to be in excess of \$5.0 million if all entities authorize this bill.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director